

REMARKS

Upon entry of this amendment, claims 21-32 are pending in the Application. Claims 1-20 were previously canceled. Claims 21-32 are new. Support for the new claims can be found throughout the application, for example at paragraph [0029] and Figure 3 of the application as published. No new matter has been added by way of these amendments.

Claim Rejections – 35 U.S.C. § 112, Second Paragraph

Claims 9-12 and 17-18 were rejected under 35 U.S.C. § 112, second paragraph as allegedly indefinite. Applicants have canceled claims 9-12 and 17-18 and added new claims that clearly reflect the claimed subject matter. Accordingly, in view of the foregoing amendment, Applicants respectfully submit that the rejections under 35 U.S.C. § 112 are moot.

Claim Rejections – 35 U.S.C. § 103(a)

Claims 9-12 and 17 were rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over U.S. Patent No. 6,786,400 to Bucci ("Bucci") in view of U.S. Patent Publication No. 2003/0041018 to DeSane ("DeSane") and further in view of "How to Avoid Credit Card Late Fees." Claims 9, 17, and 18 were also rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over Bucci in view of DeSane and further in view of U.S. Patent Publication No. 2003/0200107 to Allen et al. ("Allen"). Applicants have canceled those claims and added new claims that more clearly define the claimed subject matter. Accordingly, in view of the foregoing amendment and following remarks, Applicants respectfully submit that the rejections under 35 U.S.C. § 103(a) are overcome.

To reject claims in an application under §103, an examiner must establish a *prima facie*

case of obviousness. Using the Supreme Court's guidelines enunciated in *Graham v. John Deere*, 383 U.S. 1, 17 (1966), one determines "obviousness" as follows:

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

In *KSR Int'l Co. v. Teleflex Inc.*, No. 04-1350 (U.S. April 30, 2007), the Supreme Court reaffirmed the *Graham* test, and indicated that although it should not be rigidly applied, a useful test for determining obviousness is to consider whether there is a teaching, suggestion or motivation in the prior art that would lead one of ordinary skill in the art to combine known elements of the prior art to arrive at the claimed invention. Importantly, the Court emphasized that a patent examiner's analysis under § 103 should be made explicit in order to facilitate review.

Thus, to establish a *prima facie* case of obviousness, the Examiner has an obligation to construe the scope of the prior art, identify the differences between the claims and the prior art, and determine the level of skill in the pertinent art at the time of the invention. The Examiner must then provide: (1) an explicit, cogent reason based on the foregoing why it would be obvious to modify the prior art to arrive at the claimed invention; (2) a reasonable expectation of success; and (3) a teaching or suggestion of all claimed features. See M.P.E.P. §§ 706.02(j) and 2143.

Independent claim 21 is directed to a computer system maintained by an issuing financial institution which issues a least one credit card account to a consumer and recites at least one memory storing data representative of an original line of credit amount available for purchases using said credit card account, and an identification of a linked deposit account, an interface to receive at least one credit card transaction message via a payment network, and at least one

processor communicably connected to said interface and said at least one memory. The deposit account is maintained at a second financial institution other than said issuing financial institution. The transaction message contains a transaction amount. The at least one processor is programmed with logic for reducing an available credit limit of said at least one credit card account based at least in part on said transaction amount associated with said at least one credit card transaction message, determining an automatic deduction amount based at least in part on the result of adding the transaction amounts of each of said at least one credit card transaction messages received during a predetermined deduction cycle, automatically initiating a direct debit at the conclusion of said predetermined deduction cycle to said deposit account maintained at said second financial institution in the amount of said automatic deduction amount, and refreshing, in response to successful completion of said direct debit, said available credit limit to the full amount of said original line of credit amount.

Non-Analogous Art

As an initial matter, Applicants submit that DeSane is not analogous art. "In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." In re Oetiker, 977 F.2d 1443, 1446 (Fed. Cir. 1992). As DeSane is neither in the same field as the disclosed subject matter nor reasonably pertinent to the particular problem with which the inventor was concerned, the citation of DeSane is inappropriate.

The subject matter of the present application is directed to "a method and system for conducting financial transactions using a payment cards." Application as published, paragraph

[0002]. In contrast, DeSane is directed to “a method for assisting a debtor who has an interest in a distressed property.” DeSane, Col. 1 lines 8-9. Conducting financial transactions using a payment card is not in the same field of endeavor as assisting a debtor who as an interest in a distressed property. Therefore, in order to be considered analogous art, DeSane must be “reasonably pertinent to the particular problem with which the inventor was concerned.”

However, the method for assisting a debtor who has an interest in a distressed property would not have logically commanded itself to an inventor’s attention in considering the problem of providing consumers with the ability to get debit-like products from an institution other than the consumer’s deposit account institution. Indeed, there is no logical relationship between distressed property and payment cards.

The Examiner appears to rely only on a single sentence of DeSane as disclosing relevant subject matter. The Examiner cites to a single sentence within Paragraph [0027], which states in relevant part: “Typically, prior to the execution of the agreement, the two parties would meet and discuss the debtor’s monthly expenses (e.g. car payment, insurance, credit card bills etc.) and according to the terms of the agreement arrange for these monthly debts to be paid by direct withdrawal from the debtor’s checking account.” However, in order to rely on DeSane in this manner, the Examiner is necessarily alleging that this subject matter is relevant to the provision to consumers of debit-like products from an institution other than the consumer’s deposit account institution.

Applicant submits that, based on the context, a person of ordinary skill in the art would understand that paragraph [0027] of DeSane is addressing the payment of previously-incurred personal debt in connection with a larger debt repayment plan (i.e., DeSane discloses an installment plan to repay previously-incurred personal debt). Indeed, DeSane states that the cited

step only occurs if it will take “less than one year for the debtor to eliminate his personal debt,” and that it will allow the debtor “to lower his balance of personal debt.” DeSane, Col. 5 lines 9-10 and 27-28. As such, the cited portion of DeSane discloses nothing more than the well known ability to pay down existing debt by direct withdrawal from a checking account. In contrast, the present application is concerned with the problem of providing consumers with the ability to get debit-like products from an institution other than the consumer’s deposit account institution, and is completely unconcerned with the payment of previously-incurred debt. Indeed, the disclosed invention allows a cardholder to avoid the problem disclosed in DeSane altogether by paying their credit card bills in full, such that at the end of every deduction cycle the cardholder’s balance is replenished to reflect the original credit limit and no debt will accrue to the credit account. As such, Applicants submit that DeSane is not reasonably pertinent to the particular problem with which the inventor was concerned, and therefore the citation of DeSane was inappropriate because DeSane is nonanalogous art.

No Motivation to Combine

However, even if DeSane was analogous art and therefore the citation to DeSane was not inappropriate, Applicants submit that a person having ordinary skill in the art would have no motivation to combine the transaction processing system of Buccì with the direct withdrawal from the debtor’s checking account disclosed in DeSane. Buccì is directed to a system and method that offers a consumer the option to conduct transactions using either a credit line or funds in a depository account. *See Buccì, Abstract*. In contrast, DeSane describes a method for restructuring the debt of a debtor who has an interest in a distressed property and is unconcerned with payment cards except insofar as the debtor may coincidentally have outstanding debt on a

credit card. *See* DeSane, Abstract, and generally. These cited references are concerned with solving completely different problems, and there would be no reason, or motivation, or likelihood of success for one of ordinary skill to combine the teachings of Buccì with the teachings of DeSane.

As previously noted, the Examiner in the Office Action has only extracted a single line from DeSane as the relevant basis for the combination and for arriving at the claimed present invention. *See* DeSane, paragraph [0027]. However, that statement in DeSane is completely ancillary to the overall invention and description, and refers only to a system for allowing a company to manage an indebted individual's finances (including structuring the making of all of their debt payments, and in this one briefly-mentioned example, the debt being a "credit card"). That mere passing statement alone is not sufficient to instruct one of ordinary skill in the art in payment card technologies to look to the debt-restructuring and acquisition, real-estate-related invention of DeSane to solve the problems of creating an entirely new payment card product that permits a cardholder to use a credit card product where all outstanding charges are automatically deducted from a linked deposit account at a financial institution distinct from the card issuing bank. Accordingly, Applicants respectfully submit that the Examiner has not established a *prima facie* case of obviousness because the Examiner has not shown that one of ordinary skill in the art of Buccì would look to DeSane.

Independent Claims

Assuming, *arguendo*, that DeSane is analogous art - a point which Applicants traverse - and further that there was a motivation to combine Bucci and DeSane – another point which Applicants traverse – along with “Official Notice” and either “How to Avoid Credit Late Fees” or Allen, the combination still fails to disclose or suggest all elements of at least new independent claims 21 and 27 Applicants have previously discussed the differences between the previously-filed claims and the cited references in the Response filed August 5, 2010, which is incorporated herein by reference. As the pending claims recite many of the same features, Applicants continue to rely on these previously-identified differences to overcome the rejection.

However, in order to expedite prosecution, Applicants have submitted new claims in order to more particularly identify the claimed subject matter. Applicant submits that none of the cited references disclose or suggest, either alone or in combination, each and every limitation of claim 21. For example, none of the cited references disclose or suggest, among other things, at least one processor, communicably connected to an interface and at least one memory, said at least one processor programmed with logic for, *inter alia*, “automatically initiating a direct debit at the conclusion of said predetermined cycle to said deposit account maintained at said second financial institution in the amount of said automatic deduction amount, and refreshing, in response to successful completion of said direct debit, said available credit limit to the full amount of said original line of credit.”

Bucci describes a system that allows consumers to use a single card to conduct transactions using either a credit line or funds in a deposit account. *See* Bucci, Abstract, col. 2, lines 1-11. The cited portions of Bucci describe a system in which the consumer can “conduct at least one transaction at a point-of-sale using money withdrawn from an account associated with

the first financial institution or a second financial institution, if the consumer manually selects a debit option at a point-of-sale terminal, and to conduct at least one other transaction at a point-of-sale using a line of credit issued by the first financial institution or the second financial institution, if the consumer manually selects a credit option at the point-of-sale terminal... ."

Bucci, col. 2, lines 6-14. Importantly, Bucci accomplishes this technique by employing a "debit/credit determination unit 335 for determining whether the consumer selected debit option 310 or credit option 315" at the Point of Sale (POS) terminal (col. 5, lns. 4-7; col. 4, lns. 57-58). The selection is a manual process, performed by the cardholder pressing an appropriate button at the POS device. (col. 5, lns. 52-61). The manual selection by the user then determines what network will be used to route the payment message. (col. 5, lns. 56-61). In particular, the message is routed via "credit network 325" only "if the consumer selected credit option 315" *Id.* (If the consumer selected the debit option, the message is instead routed "via bank network 320." *Id.*) It is the "ability for the financial institution to discern the network that presented the transaction" that gives the institution the "ability to differentiate the consumer intent and the appropriate actions to take for that transaction." (col. 4, lns. 60-64). Assuming the user selected "credit", and the message was routed via the credit card network, Bucci would simply process the transaction as a traditional credit card transaction, and no further message is sent to the second financial institution. *Compare* col. 6, lns. 28-49 with col. 6, lns. 50-57).

Thus, nothing in Bucci either alone, or in combination, discloses a system for receiving a "credit card transaction message via a payment association network" and taking the further action of "automatically initiating a direct debit at the conclusion of said predetermined deduction cycle to said deposit account maintained at said second financial institution" as claimed in new claim 21. To the contrary, Bucci would make use of a second, linked deposit account *only* when the

message received is one *other* than a credit card transaction message received via a payment association network.

Moreover, Bucci fails to disclose or suggest at least one processor programmed with logic for, *inter alia*, “automatically initiating a direct debit at the conclusion of said predetermined cycle to said deposit account maintained at said second financial institution in the amount of said automatic deduction amount, and refreshing, in response to successful completion of said direct debit, said available credit limit to the full amount of said original line of credit.” Indeed, as the Examiner acknowledges, “Bucci... fails to explicitly disclose the depository account is used for covering said charges associated with the transaction conducted by the credit payment card,” let alone the processor as recited in claim 21. Office Action, pages 5-6.

The Examiner cites DeSane as allegedly disclosing “monthly credit card bills to be paid by direct withdrawal from the debtor’s checking account.” Office Action, page 6. As previously noted, Applicants object to both the citation of DeSane and to the combination of DeSane with Bucci. However, assuming *arguendo* that such combination is proper, Applicants respectfully submit that DeSane does not disclose or suggest the missing features.

DeSane generally describes a method for the acquisition and restructuring of debt where the debtor has a distressed property. *See* DeSane, Abstract. DeSane is directed to a plan - and more particularly, an installment plan - for recovering a debtor’s previously accumulated debt. In contrast, claim 21 recites “automatically initiating a direct debit at the conclusion of said predetermined deduction cycle...in the amount of said automatic deduction amount” [i.e., an amount determined based at least in part on the result of adding the transaction amounts of each of said at least one credit card transaction messages received during a predetermined deduction cycle]. Indeed, this difference is emphasized by the further recitation, in claim 21, of

“refreshing, in response to successful completion of said direct debit, said available credit limit to the full amount of said original line of credit amount.” Claim 21 therefore recites a system in which the balance on a credit card is paid in full at the conclusion of each deduction cycle, thereby avoiding incurring any debt at all, much less any need for the installment plan disclosed in DeSane.

Moreover, DeSane discloses only a “direct withdrawal” from the debtor’s checking account. No further details about the direct withdrawal are provided. In contrast, claim 21 recites “automatically initiating a direct debit at the conclusion of said predetermined deduction cycle.” DeSane does not disclose or suggest, among other things, whether the direct withdrawal is automatic or how the direct withdrawal is implemented. Indeed, DeSane does not even disclose or suggest “at least one memory storing data representative of...an identification of a linked deposit account.”

Finally, even assuming *arguendo* that these other elements were disclosed or suggested in DeSane, Applicants submit that the combination of Bucci and DeSane would still fail to disclose the system disclosed in claim 21. DeSane, like Bucci, relates at most to a standard credit card – not the novel card of the present invention – and the payment from a checking account of the monthly bills associated with that standard credit card. That is different from the present invention, which relates to a **payment card that is linked to a deposit account held by another financial institution**, and which automatically deducts payments via, e.g., the ACH network from that deposit account. This sort of specialized payment card as recited in the pending independent claims of the present invention is thus different from even the combination of Bucci and DeSane in at least this sense.

None of the other cited references disclose or suggest the missing features. “How to Avoid Credit Card Late Fees” discusses various strategies for paying credit card bills in a timely manner, but does not disclose or suggest any of the features discussed above. Indeed, the Examiner has cited this reference only as teaching “choos[ing] an online payment amount that automatically covers the *minimum* amount due on a credit card each month and choos[ing] and automatic bill date well in advance of credit card due date.” Notably, paying only the minimum amount due would not refresh the credit line of the card account to the “full amount of said original line of credit,” as recited in claim 21.

Allen is directed to a collection payment processing system and discloses that, in response to the receipt of a check, the payment collector may send instructions to the bank housing the checking account to transfer money into the collector’s (or the entity on whose behalf the collector is working) account. *See* Allen, paragraph [0136]. In the method disclosed in Allen, a bill (e.g., a rent bill) is retrieved for a particular consumer (e.g., a tenant). *See* Allen, paragraph [0138]. Thus, in contrast to the claimed invention, Allen discloses nothing more than sending a bill to a third party and allowing the third party to collect the payment on the bill. Applicants note that Allen discloses monthly recurring payments. *See* Allen, paragraph [0139]. However, as noted, payments are made in response to a bill. Therefore, such recurring payments must be made either for a constant amount (e.g., a monthly rental payment) or in response to the receipt of a monthly bill. Therefore, Allen, like the other cited references, fails to disclose or suggest at least the recited at least one processor programmed with logic for, *inter alia*, “automatically initiating a direct debit at the conclusion of said predetermined cycle to said deposit account maintained at said second financial institution in the amount of said automatic

deduction amount, and refreshing, in response to successful completion of said direct debit, said available credit limit to the full amount of said original line of credit.”

For at least these reasons, Applicants respectfully submit that independent claim 21, as well as dependent claims 22-26 which depend therefrom, are novel and non-obvious over Buccini in view of DeSane in view of Official Notice and either of Allen and “How to Avoid Credit Card Late Fees.” Independent claim 27, and claims 28-32 which depend therefrom, recite similar features and should be allowed for at least the same reasons. Applicants therefore respectfully request allowance of the pending claims.

Dependent Claims 22 and 28

Claims 22 and 28 depend from claims 21 and 27, respectively, and are allowable for at least the reasons discussed above with respect to the independent claims. In addition, claims 22 and 28 recite additional features which are not disclosed or suggested in the cited references.

Claims 22 and 28 recite that “said predetermined deduction cycle is agreed upon by said consumer at the time said at least one credit card account is set up.” According to the Examiner, a similar feature in previous claim 9 is disclosed in both Allen and “How to Disclose Credit Card Late Fees.” To the extent that the Examiner intends to use the same references to reject pending claims 22 and 28, Applicants respectfully traverse such rejection.

Applicants submit that neither Allen nor “How to Disclose Credit Card Late Fees” discloses or suggests a predetermined deduction cycle that is agreed upon by the consumer at the time the credit card account is set up. These references disclose only that the payment date can be determined, in part, by the consumer, but not that the deduction cycle itself can be agreed upon by the consumer. Indeed, the Examiner acknowledges that “How to Avoid Credit Card Late Fees” discloses only that the payment date can be scheduled *in advance of the credit card*

due date. See Office Action, page 7. Thus, the deduction cycle itself is not changed, only the date on which the consumer chooses to pay the bill. Similarly, as cited by the Examiner, Allen discloses “the frequency within which the ACH transaction is scheduled.” Allen, paragraph [0139]. However, as noted, these payments are made in response to the bill received by the payment collector from the billing party (e.g., the building owner). Thus, Allen discloses nothing more than scheduling payments in response to a bill sent by a billing party on a payment cycle determined by such billing party. Therefore, neither Allen nor “How to Avoid Credit Card Late Fees” disclose the additional features recited in claims 22 and 28.

Applicants hereby traverse any rejections, objections, and/or official notice by the Examiner not expressly traversed herein above. As indicated previously, Applicants’ silence with regard to the specific limitations of the dependent claims, or points of official notice not expressly addressed, is based on the Applicants’ contention that the rejections and/or official notice are moot based on Applicants’ Remarks relative to other claim limitations and/or limitations of the independent claims from which the dependent claims depend.

For all of the foregoing reasons, Applicants respectfully submit that the pending claims are in condition for allowance pursuant to at least 35 U.S.C. § 103.

Formal Request for Interview

Applicants submit that the present application is in condition for allowance at least for the reasons set forth herein. If the present application is not considered to be in condition for allowance by the Examiner, Applicants requests an interview with the Examiner prior to the next Office Action to discuss the present application and the prior art of record. Applicants’ Attorney

may be reached at telephone number (212) 408-2500 to schedule a mutually convenient date and time and to provide assistance or additional information as required.

CONCLUSION

In view of the foregoing Amendments and Remarks, Applicants respectfully submit that the pending claims of the present application are allowable over the cited references. Applicants thus respectfully request that the pending claims be allowed by the Examiner. Favorable consideration and timely allowance of this application are respectfully requested. In the event that the application is not deemed in condition for allowance, the Examiner is invited to contact the undersigned in an effort to advance the prosecution of this application.

Applicants believe that no fees, other than the fees associated with the Request for Continued Examination and the one-month extension of time, are required in connection with this submission. However, if any additional fees are due, or any overpayment made, Applicants hereby authorize the Commissioner to charge payment of any additional fees, or credit any overpayment associated with this communication, to Deposit Account 02-4377.

Respectfully submitted,



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